

37 Am. Jur. 2d Fraud and Deceit § 173

American Jurisprudence, Second Edition | May 2021 Update

Fraud and Deceit

George Blum, J.D., John Bourdeau, J.D., Romualdo P. Eclavea, J.D., Janice Holben, J.D., Karl Oakes, J.D. and Eric C. Surette, J.D.

IV. False Representations

G. Representations and Statements as to Particular Matters

3. Value, Cost, and Income of Property

a. Value

§ 173. Representations by purchaser

[Topic Summary](#) | [Correlation Table](#) | [References](#)

West's Key Number Digest

West's Key Number Digest, [Fraud](#)  27, 28

As a general rule, in the absence of special circumstances that make it incumbent upon a purchaser to speak the truth and to disclose facts in the purchaser's own knowledge and unknown to the vendor, statements which the purchaser makes during the negotiations as to the value of the land cannot ordinarily be made the basis of a charge of fraud.¹ A vendor should know or ascertain the value of the vendor's own property, and if the vendor is so indiscreet as to place reliance upon the statement of a prospective purchaser, without finding out the truth personally, the vendor should be left to make the best of a bad bargain.² However, the fact that the purchaser has special information regarding facts enhancing the ordinary value of land places the purchaser under a legal obligation to do no act or make any representation calculated to mislead the owner into the belief that there was no special condition affecting the value.³

In the absence of waiver or estoppel, a vendor or seller who has been induced by false representations of a vendee or buyer to grant or sell the property on terms less favorable than the vendor would otherwise have demanded may maintain an action sounding in tort against such vendee or buyer for the damages resulting from such fraud.⁴ In many of the cases, the vendee or buyer, by reason of confidential relationships or otherwise, has had greater knowledge than the vendor or seller of the value of the property in the purchase of which the fraud and deceit were committed.⁵ In other cases in which such statements have been held actionable as fraud, however, there was no such confidential relationship.⁶

© 2021 Thomson Reuters. 33-34B © 2021 Thomson Reuters/RIA. No Claim to Orig. U.S. Govt. Works. All rights reserved.

Footnotes

- 1 [James v. Anderson](#), 149 Va. 113, 140 S.E. 264, 56 A.L.R. 421 (1927).
- 2 [Stuart v. Dorow](#), 216 Mich. 591, 185 N.W. 662 (1921).
- 3 [Crompton v. Beedle](#), 83 Vt. 287, 75 A. 331 (1910).
- 4 [Cheraska v. Ohanasian](#), 259 Mass. 341, 156 N.E. 715, 52 A.L.R. 1149 (1927).
- 5 [McDonough v. Williams](#), 77 Ark. 261, 92 S.W. 783 (1905).
- 6 [Simon v. Goodyear Metallic Rubber Shoe Co.](#), 105 F. 573 (C.C.A. 6th Cir. 1900) (person induced to make hard contract, by false representations that a competing seller of the commodity had gone out of business); [Cheraska v. Ohanasian](#), 259 Mass. 341, 156 N.E. 715, 52 A.L.R. 1149 (1927) (vendor induced to sell for lower price by false representation that no broker had been involved in transaction, when in fact a broker had been sufficiently involved to render the vendor liable for brokerage commissions).

End of Document

© 2021 Thomson Reuters. No claim to original U.S. Government Works.